

$$I = \left[\left(\frac{100}{P} \right)^{Y/DTM} - 1 \right] \times (1 - MTR) - TAC$$

(Equation 1)

WHERE:	
I =	Annualized effective demand deposit rate in decimals.
P =	Average auction price for the most recently auctioned 13-week Treasury bill, per hundred, to three decimals.
Y =	365 (if the year following issue date does not contain a leap year day) and 366 (if the year following issue date does contain a leap year day).
DTM =	The number of days from date of issue to maturity for the most recently auctioned 13-week Treasury bill.
MTR =	Estimated marginal tax rate, in decimals, of purchasers of tax-exempt bonds.
TAC =	Treasury administrative costs, in decimals.

(ii) Then, you calculate the daily factor for the demand deposit rate as follows:

$$DDR = (1 + I)^{1/Y} - 1$$

(Equation 2)

(2) *Where can I find additional information?* Information on the estimated average marginal tax rate and costs for administering demand deposit SLGS securities, both to be determined by Treasury from time to time, will be published in the FEDERAL REGISTER.

(c) *What happens to demand deposit securities during a Debt Limit Contingency?* At any time the Secretary determines that issuance of obligations sufficient to conduct the orderly financing operations of the United States cannot be made without exceeding the statutory debt limit, we will invest any unredeemed demand deposit securities in special ninety-day certificates of indebtedness. Funds invested in the ninety-day certificates of indebtedness earn simple interest equal to the daily factor in effect at the time demand de-

posit security issuance is suspended, multiplied by the number of days outstanding. When regular Treasury borrowing operations resume, the ninety-day certificates of indebtedness, at the owner's option, are:

- (1) Payable at maturity;
- (2) Redeemable before maturity, provided funds are available for redemption; or
- (3) Reinvested in demand deposit securities.

§ 344.8 How do I subscribe for Demand Deposit securities?

(a) *Where do I submit transactions?* All subscriptions for purchase, cancellation requests, changes to subscriptions and notices of redemption must be sent to DSI.

(b) *What requirements apply to subscriptions?*

(1) *What form is used to submit a subscription?* You must submit an electronic or paper Treasury form, PD F 5237, "Subscription for Purchase of U.S. Treasury Securities State and

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Local Government Series One-Day Certificate of Indebtedness Demand Deposit.”

(2) *When is my subscription or cancellation request due in DSI?* To determine when you must send a subscription or cancellation request, follow this table:

If:	Then:
(i) The subscription is for:	DSI must receive a subscription (or you can cancel it without penalty):
(A) \$10 million or less, or	at least 5 days before the issue date of the subscription.
(B) Over \$10 million	at least 7 days before the issue date of the subscription.
(ii) The 5th or 7th day before the issue date is a non-business day * * *.	DSI must receive the cancellation request on the preceding business day.
(iii) DSI receives a subscription more than 60 days before the issue date * * *.	DSI will not accept a subscription.

(3) *How do I change a subscription?* You can change the principal amount to be invested without penalty on or before the issue date, but no later than 3:00 p.m., Eastern time, on the issue date. If you submit an untimely change, § 344.5(b)(4)(iv) applies.

(4) *What information must be contained on the subscription?* The subscription must:

(i) Be dated and signed by an official authorized to make the purchase;

(ii) Include the Taxpayer Identification Number of the issuer; and
(iii) Specify the principal amount to be invested and the issue date.

§ 344.9 How do I redeem a Demand Deposit security?

To redeem a demand deposit security, follow this section.

(a) *When must I notify DSI to redeem a security?* To determine when you must notify us, follow this table:

A security can be redeemed at the owner's option, if DSI receives a request for redemption not less than * * *.	for redemptions of * * *
(1) 1 business day before the requested redemption date.	\$10 million or less.
(2) 3 business days before the requested redemption date.	more than \$10 million.

(b) *Can I request partial redemption of a security balance?* You may request partial redemptions in any amount. If your account balance is less than \$1,000, it must be redeemed in total.

(c) *Do I have to submit a notice of redemption?* Yes. An official authorized to

redeem the securities must submit an electronic or paper Treasury form PD F 5238, “Request for Redemption of U.S. Treasury Securities State and